



Mercantile Bank

Jim R. Hamilton
Executive Vice President

RECORDATION NO. 13703
Filed 1425

JUL 22 1982-9 22 AM

July 1, 1982

INTERSTATE COMMERCE COMMISSION

2-2014-14

Interstate Commerce Commission
12th & Constitution Ave. N.W.
Washington, D.C. 20423

No.

50.00

ATTENTION: Mildred Lee
Room 2303

ICC Washington, D. C.

Dear Ms. Lee:

Enclosed for recordation are three originals of a Supplemental Security Agreement and Assignment from Burke Energy Corporation, a Nevada corporation with offices at 1125 N. Main Street, Hutchinson, Kansas 67501, as Mortgagor, to Mercantile National Bank at Dallas with offices at 1704 Main Street, Dallas, Texas 75201, as Mortgagee, covering the mortgage of sixteen (16) liquid petroleum tank cars marked and numbered WPWX4 through WPWX14, both inclusive, WPWX218, WPWX221, WPWX226, WPWX232, and WPWX235. Also enclosed is a check for \$50.00 representing the filing fee for the Security Agreement and Assignment.

Please return the original to the undersigned at 1704 Main Street, Dallas, Texas 75201, Attention: Jim R. Hamilton, Executive Vice President.

Should you have any questions or comments concerning the recordation requirements, please contact Robert N. Rule, Jr. at Shank, Irwin, Conant & Williamson, 3100 First National Bank Building, Dallas, Texas 75201, (214) 748-9696.

Very truly yours,

MERCANTILE NATIONAL BANK AT DALLAS

By Jim R. Hamilton
Jim R. Hamilton
Executive Vice President

RNR/lhj
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

7/22/82

OFFICE OF THE SECRETARY

Jim R. Hamilton
Executive Vice President
Mercantile Bank
Main at Ervey P.O.Box 225415
Dallas, Texas 75265

Dear
Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **7/22/82** at **9:55am**, and assigned re-recording number(s). **13703**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

13703

RECORDATION NO. Filed 1425

SUPPLEMENTAL
SECURITY AGREEMENT
AND
ASSIGNMENT

JUL 22 1982-9 2:44 AM
INTERSTATE COMMERCE COMMISSION

THIS SUPPLEMENTAL SECURITY AGREEMENT AND ASSIGNMENT dated as of June 23, 1982 from BURKE ENERGY CORPORATION, a Nevada corporation (the "Borrower") and Mercantile National Bank at Dallas (the "Bank"),

W I T N E S S E T H:

WHEREAS, on May 21, 1981 Borrower executed and delivered to the Bank a Security Agreement and Assignment covering the liquid petroleum railroad tank cars listed and described on Exhibit "A" hereto to secure a \$240,000 note dated May 21, 1981 executed by Borrower payable to the order of Bank; and

WHEREAS, the said \$240,000 note was renewed a December 31, 1981 to extend the maturity of the outstanding balance thereof as of said date to July 29, 1982; and

WHEREAS, the Borrower has requested that the Bank renew and extend the maturity of a \$1,600,000 note dated February 15, 1981 executed by Borrower payable to the order of Bank and that the Bank lend it an additional sum of \$400,000 and the Bank is willing to extend the maturity of the \$1,600,000 note dated February 15, 1982 to August 23, 1982 and to lend Borrower the additional sum of \$400,000 to be secured by the aforesaid liquid petroleum railroad tank cars (the aforesaid renewal of the \$1,600,000 note and the agreement to lend the additional \$400,000 are hereinafter referred to collectively as the "Loan");

WHEREAS, the Borrower has agreed to grant security interest and lien on the aforesaid.

NOW, THEREFORE, in order to induce the Bank to make the Loan to the Borrower and to provide for the prompt payment of the Indebtedness (as hereinafter defined), the Borrower hereby grants, sells, assigns, conveys, transfers and sets over to the Bank all of his right, title and interest in and to the liquid petroleum railroad tank cars listed and described in Exhibit "A" attached hereto and made a part hereof for all purposes the same as if copied herein in full, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of such railcars whether now owned or hereafter acquired along with all substitutions, replacements of and additions, improvements, accessions and accumulations to any or all of such cars said security interest to include a lien on all proceeds, assessments and substitutions of and for such cars (which cars are hereinafter called the "Collateral");

TO HAVE AND TO HOLD the Collateral to the Bank and its successors and assigns for the use and benefit of the Bank and subsequent holders of the Indebtedness (as hereinafter defined).

Terms of Assignment

1. This Supplemental Security Agreement and Assignment (the "Security Agreement") is made by the Borrower to

provide for and to secure ratably the payment of the indebtedness described below (collectively the "Indebtedness"):

(a) indebtedness evidenced by that certain Promissory Note dated as of June 23, 1982 from Borrower as maker payable to the order of the Bank in the principal amount of \$400,000 due on or before August 23, 1982 including interest at the rate stated therein (the "Note");

(b) indebtedness evidenced by that certain Renewal Note dated as of June 23, 1982, from Borrower or Maker payable to the order of the Bank in the principal amount of \$1,600,000 due on or before August 23, 1982 including interest at the rate stated therein (the "Renewal Note")

(c) all other indebtedness of the Borrower to the Bank presently outstanding and arising hereafter; in

(d) all renewals and extensions, in whole or in part, of the Note, the Renewal Note or of any other indebtedness of the Borrower described in this Section 1; and

(e) all costs and expenses of enforcing the Note, and this Security Agreement.

2. Until, but only until, the occurrence and continuation of an event which constitutes an Event of Default (as hereinafter defined), the Borrower may exercise all rights under the Collateral including without limitation the right to receive all moneys due or to become due thereunder.

3. If one or more of the following events (hereinafter called "Events of Default") shall occur and be continuing: (a) Borrower shall fail to pay when due the principal of or interest on the Note or the Renewal Note (the Note and the Renewal Note are hereinafter collectively referred to as the "Note") or any installment thereof; (b) any representation or warranty made under this Security Agreement or in any certificate or statement furnished or made to the Bank pursuant hereto, or in connection herewith, or in connection with any document furnished hereunder, shall prove to be untrue in any respect as of the date on which such representation or warranty is made; (c) default shall be made in the performance of any of the covenants or obligations of the Borrower herein contained; (d) default shall be made in respect of any obligation for borrowed money other than the Note, for which Borrower is liable (directly, by assumption, as guarantor or otherwise), or any obligation secured by any mortgage, pledge or other security interest, lien, charge or encumbrance with respect thereto, any property of Borrower, or in respect of any agreement relating to any such obligation; (e) Borrower shall (i) apply for, or consent to the appointment of a receiver, trustee, intervenor or liquidator of all or a substantial part of his assets, or (ii) be adjudicated a bankrupt or involvent or file a voluntary petition in bankruptcy or admit in writing that he is unable to pay his debts as they become due, or (iii) make a general assignment for the benefit of creditors, or (iv) file a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization or insolvency proceedings; (f) an order, judgment or decree shall be entered by any court of competent jurisdiction or other competent authority appointing a receiver, custodian, trustee, intervenor or liquidator for Borrower or for all or substantially all of the assets of Borrower and such order shall not be discharged within a sixty (60) day period; or (g) a default shall occur under the terms of the Note or any other instrument executed in connection herewith; then, and in any such event, the Bank

may declare the principal of and all interest then accrued on the Note and any other liabilities hereunder that to be forthwith due and payable whereupon the same shall forthwith become due without presentment, demand, protest, notice of intent to accelerate or other notice of any kind, all of which Borrower hereby expressly waives, anything contained herein or in the Note to the contrary notwithstanding. Nothing herein contained shall be construed as limiting in any way any events of default enumerated in the Note or any other document executed in connection with the transaction contemplated herein.

4. Bank, in addition to the rights and remedies provided for in the preceding paragraphs, shall have all the rights and remedies of a secured party under the Uniform Commercial Code as adopted in the State of Texas, and Bank shall be entitled to avail itself of all such other rights and remedies as may now or hereafter exist at law or in equity for the collection of said indebtedness and the enforcement of the covenants herein and the foreclosure of the security interest created hereby and the resort to any remedy provided hereunder or provided by the Uniform Commercial Code as adopted in the State of Texas, or by any other law of such state, shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

5. The requirement of reasonable notice to the Borrower of the time and place of any public sale of the collateral or of the time after which any private sale, shall be met if such notice is mailed, postage prepaid, to the Borrower at 1125 North Main Street, Hutchinson, Kansas 67501 at least five (5) business days before the date of any public sale or at least five (5) business days before the time after which any private sale or other disposition is to be made.

6. The security interest herein granted shall not be affected by nor affect any other security taken for the indebtedness hereby secured, or any part thereof; and any extensions may be made of the indebtedness and this security interest and any releases may be executed of the collateral, or any part thereof, herein conveyed without affecting the priority of this security interest or the validity thereof with reference to any third person, and the holder of said indebtedness shall not be limited by any election of remedies if he chooses to foreclose this security interest by suit. The right to sell under the terms hereof shall also exist cumulative with said suit; and one method so resorted to shall nor bar the other, but both may be exercised at the same or different times, nor shall one be a defense to the other.

7. Upon payment of the Indebtedness in full, the Bank shall take, upon the request and at the expense of the Borrower, all action necessary to cause this Security Agreement and Assignment to be released of record.

8. The Borrower hereby covenants and agrees with the Bank so long as any of the Indebtedness shall be outstanding that:

(a) the Borrower will at his own expense from time to time take all action necessary or advisable to perfect the Bank's rights in the Collateral. In addition, upon the request of the Bank, the Borrower will execute and deliver such further certificates, instruments or documents, and take such further actions, as may be deemed reasonably necessary or advisable by the Bank for the more effective vesting in it of the Collateral hereby assigned or intended to be assigned, including, without limitation, the execution and filing of financing and

continuation statements and this Security Agreement and Assignment under the applicable law in all jurisdictions where any records of the Borrower pertaining to any of the Collateral are kept; and to the extent permitted by applicable law from time to time in effect, the Borrower hereby authorizes the Bank to sign and file any such financing or continuation statements without necessity of the same being signed by the Borrower;

(b) The Borrower will not sell, assign, convey, mortgage, encumber or otherwise transfer any of the Collateral to anyone other than the Bank;

(c) during the continuation of an event which constitutes an Event of Default, the Bank may endorse the name of the Borrower on all notes, checks, drafts, bills of exchange, money orders, commercial paper of any kind whatsoever and any other document received in the payment of moneys due under or in connection with this Security Agreement, and the Bank or any officer or employee thereof is hereby irrevocably constituted and appointed the agent and attorney-in-fact for the Borrower for the foregoing purposes;

(d) the Bank shall not have any obligation under the Collateral by reason or arising out of this Security Agreement or be obligated to perform any of the obligations or duties of the Borrower thereunder; and

(g) nothing in this Security Agreement shall in any manner relieve the Borrower of its obligations to pay the Indebtedness except to the extent that the Bank applies to such Indebtedness, pursuant to the terms of this Security Agreement moneys actually and indefeasibly received by it.

9. No failure or delay on the part of the Bank in exercising any power or rights hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. No modification or waiver of any provision of this Security Agreement nor consent to any departure therefrom shall in any event be effective unless the same be in writing and then such waiver or consent shall be effective only in the specific instance for the purpose for which given.


10. This Security Agreement shall be binding upon, and shall inure to the benefit of, the Borrower and the Bank, and their respective heirs successors and assigns, including any subsequent holder of the Note. This instrument shall be deemed to be made under and governed by the laws of the State of Texas.

11. Nothing contained in this Security Agreement shall be construed as modifying in any respect the rights and remedies granted to the Bank in the Note in the event of a default by the Borrower.

12. If an Event of Default should occur, the Bank shall, in addition to the rights and remedies set forth hereinabove, have all of the rights and remedies provided by the Texas Business and Commerce Code and otherwise at law or in equity.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be executed on the dates set forth in the acknowledgments below, in multiple originals, and delivered as of the date first above written.

BURKE ENERGY CORPORATION

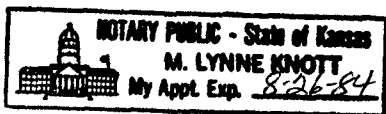
By 
L. A. Newlan, Jr.
Executive Vice President
MERCANTILE NATIONAL BANK AT
DALLAS


By _____
Daniel S. Preston,
Assistant Vice President

THE STATE OF KANSAS §
§
COUNTY OF RENO §

Before me, a notary public, on this day personally appeared L. A. Newlan, Jr. of Burke Energy Corporation, a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this 26th day of June, 1982.




Notary Public in and for
Reno County, Kansas

My Commission Expires:
August 26, 1984

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, a Notary Public, on this day personally appeared DANIEL S. PRESTON, Assistant Vice President of MERCANTILE NATIONAL BANK AT DALLAS, a national banking association, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said national banking association for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this ____ day of _____, 1982.

Notary Public in and for Dallas
County, Texas

My Commission Expires:

EXHIBIT "A" TO SECURITY AGREEMENT AND ASSIGNMENT
DATED AS OF JUNE 23, 1982, FROM BURKE ENERGY
CORPORATION TO MERCANTILE NATIONAL BANK AT DALLAS

Sixteen (16) liquid petroleum tank cars marked and numbered WPWX4 through WPWX14, both inclusive, WPWX218, WPWX221, WPWX226, WPWX232, and WPWX235.

JRH94:G